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FOREIGN AGRICULTURE

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People's Republic of China:

Better Harvests Aid Development

Needs Pattern Foreign Farm Trade

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Wheat from the first harvest of the 1970's. For analysis and explanation of the role of grain harvests in forwarding the economy and trade of the People's Republic of China, see stories beginning on this page and on page 4.

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Better Harvests in P

Strengthen Push fo

By
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When Chou En-lai, Premier of the People's Republic of China, told journalist Edgar Snow (a recent visitor to and noted author about Mainland China) that China's grain harvest in 1970 was "more than 204 million metric tons," he claimed a record crop. Chou's estimate is the first official estimate on the Chinese grain crop since the 1967 harvest. While Western analysts are in rough agreement with Chou's announced figure, there are some reservations precipitated by the information gap in Chinese statistics about accepting his estimate at face value. U.S. analysts place the 1970 grain harvest between 210 million and 220 million tons—or some 8 to 12 percent below the official Chinese estimate.

All indications—analyses of weather (which was good but not outstanding), Provincial crop reports, input use, and trade figures—are that the People's Republic had a good agricultural year in 1970 and an all-round improvement in agricultural production. Along with a probable record grain crop, China had increased output of oilseeds, cotton, sugar crops, tobacco, tea, fruit, silk cocoons, and livestock.

People's Republic of China for Economic Development

China's recent agricultural progress has opportune timing. The country's Fourth Five-Year Plan (1971-75) is beginning, and China is tentatively reaching for greater commercial and diplomatic contact with other nations.

Estimates of some of the most important crops are given in the table on the following page. Although somewhat more qualitative information on production was released on 1970 crops than on other recent harvests, especially for individual Provinces, the lack of specific data on sown area, yields per unit of area, and livestock numbers makes quantification difficult. Also, detailed statistics on land use have not been available since 1957.

But while the exact quantities of grain and other agricultural products are debatable, no doubt exists that the high priority given to agriculture by the People's Republic for the past decade is paying off. Peking's basic objectives are being achieved. Grain production has increased steadily in recent years, reserves have been built up, and wheat imports have been reduced. (Purchases of wheat contracted for in 1970 were only 2.5 million tons compared with approximately 7.5 million in 1969.)

That the People's Republic has grain reserves totaling 40 million tons, as Premier Chou En-lai told journalist Edgar Snow, is doubtful; but that supplies have greatly improved since the dark days of the early 1960's is certain.

The food situation, in general, is adequate by Chinese standards, according to the current observations being made by Western journalists in large Chinese cities. This means that the all-important grain crop probably has at least been keeping pace with population, which is now pegged at about 800 million persons.

The present state of agriculture in China is an outgrowth of the relatively pragmatic course Peking has pursued to solve its food problems since the agricultural crisis at the start of the 1960's. Two general slogans have been: **Agriculture is the foundation of the economy,** and **Grain is the key link.**

Considerable credit must also be given to the cumulative effects of greater inputs of chemical fertilizers and insecticides, increased rural electrification, improved seed varieties, and more multiple cropping.

Equally important is the continued heavy emphasis on water conservancy (both irrigation and drainage). Vast numbers of peasants have contributed their sweat and toil. It is currently estimated that some 40 percent to 50 percent of the arable area in China (about 270 million acres) is now irrigated.

A probable, but less definable, contribution also has been made by the movement of youth, cadres (Party reliables who direct work), and professional people to rural areas. This flow has increased the pool of labor—especially educated labor—in the countryside.

Rational agricultural policies, coupled with generally cooperative weather, have been paying off for the Chinese, according to Peking. In Western terms, the harvests for the past 9 years range from mediocre to excellent, topped by the record 1970 crop.

Still, the general production targets—yields per area over broad geographical zones for the most important crops (grains and cotton)—are largely unfulfilled, according to the National Program for Agricultural Development (NPAD). The NPAD, issued informally in 1956 by Mao Tse-tung, has been increasingly referred to in recent years for agricultural goals. Nevertheless, the record 1970 grain harvest was an important finale to the Third Five-Year Plan (1966-70).

But while the grain situation has shown considerable improvement, production of some nongrain crops, especially oilseeds, remains below the 1957 level. Peking's intensive efforts over the past decade have been directed at grain output; and increased grain production has been achieved partially at the expense of nongrain crops.

Peasant resistance to intensive concentration of grain crops has been noted on many occasions. Other crops are generally more profitable. The record 1970 grain harvest may exacerbate this underlying conflict of interests between State and peasants.

As the curtain rises on China's Fourth Five-Year Plan, the leaders of the People's Republic are faced with

Workers of an agricultural brigade in Hopei Province complete the tasks of harvest. Threshed and winnowed grain is put in bags and loaded onto horse-drawn carts for transport to storage.

enormous problems of economic development. Agriculture will continue to be the sustaining force, and Peking has given clear priority to improving it. In agricultural plans, grains will continue to be the key commodity although expansion of hog production as well as all-round development of the agricultural economy is being encouraged.

Significant resources are being committed to agricultural development. Industry is being urged to support agriculture, and rural industrialization is being stressed to help provide inputs for agricultural expansion—chemical fertilizers, electric power, farm tools and machines, and irrigation and drainage tools, machines, and materials. Practical, vocational agriculture is being pushed in the countryside, and agricultural research is now directed toward results that have immediate application.

Peking has not yet released any agricultural production goals specifically for the Fourth Five-Year Plan. The goals of the NPAD—originally to have been achieved by 1967—apparently will continue to serve as guidelines for planning in individual Provinces. In addition, the Eight-Point Charter by Mao Tse-tung, used by areas as a manual of husbandry, offers specific directives on farming principles to be followed. Some of the points it stresses are water conservancy, fertilizer use, soil improvement (deep plowing), seed selection, close planting, plant protection (pesticide use), and care of tools.

It is possible that soil improvement and fertilizer use may have superseded water conservancy in importance, although exact priorities are not known at this time.

During the span of the Fourth Five-Year Plan, agricultural production, and especially grain output, should continue to at least keep pace with population growth if weather is normal.

However, the current campaign to both take grain as the key link and emphasize all-round development of the farm economy points to some problems. The major one will be resource allocation to get the desired production mix in China's planned economy. Another will be the natural and logical inclination of the peasants to produce scarce commodities for a ready market rather than concentrate on grain output.

Already, as a result of the pressures on local cadres, aberrations in policy implementation at the local level have occurred, and there is some evidence to indicate that Peking has, to some extent, acquiesced to popular demands to grow more nongrain crops. The production team, the basic accounting unit of the agricultural commune, is, in the Fourth Five-Year Plan, to have some flexibility in planting depending on local conditions. Nevertheless, fulfillment of the State's unified plans for planting and sowing must be guaranteed.

Further, peasant rights that were abrogated in the Great Leap Forward but subsequently reinstated in the early 1960's are now written into the new People's Republic constitution that was drawn up in 1969 and is still in the process of being ratified. Two rights are those allowing peasants use of small private plots and household sideline production.

Also, the principle of distribution according to labor productivity as opposed to egalitarianism is to be applied, and peasants' incomes are to be increased when production increases. Grain, capital, and materials are not to be transferred from one team to another to equalize income. Moreover, factories or other large State entities will not be permitted to make arbitrary

(*Continued on page 16*)

ESTIMATED OUTPUT OF SOME IMPORTANT CROPS IN MAINLAND CHINA

Year	Grain, including potatoes	Cotton, lint	Soybeans	Peanuts	Rapeseed	Tobacco, flue-cured
	Mil. metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
1957[1]	185	1,640	10,500	2,571	887	256
1966	185-195	1,807	6,800	2,360	735	300
1967	205-215	1,937	6,950	2,300	800	410
1968	190-200	1,809	6,480	2,150	787	400
1969	195-205	1,773	6,200	2,350	688	390
1970[2]	210-220	1,900	6,800	2,600	780	400

[1] Official. [2] Preliminary.

Home Needs In

Pattern of F

By MARION R. LARSEN
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Through most of its long history, Mainland China's international trade has been profoundly affected by two facts: its economy is primarily agricultural, and nearly all agricultural output, particularly of food products, is needed domestically to support the huge population even at little more than subsistence levels.

Mainland China's present population of about 800 million people living on approximately 3.7 million square miles compares to a little over 200 million in the United States on approximately 3.6 million square miles.

Although China's overall farm output is large, the portion available for sales abroad is usually small. This means, in turn, that China can afford to import only limited quantities of foreign goods unless it is willing to have a trade deficit. Like other developing countries,

The Government's emphasis on grain growing is reinforced by political rallies. This one was held just after harvest and was attended by Chinese armymen and agricultural commune members.

s Influence Mainland China's
f Foreign Agricultural Trade

Mainland China is expanding its industrial base and output. But industrial goods at present available for export are meager, and the type is often not in great demand on sophisticated world markets.

The total foreign trade of the People's Republic of China for 1970 is estimated at about 4 percent of its total income. In comparison, in India, another chiefly agricultural country with a dense population, trade accounts for about 8 percent of total income.

Also, China has one of the lowest levels in the world of income per person from its export trade—only US$2.60. India's export per capita income is nearly US$1 more.

In contrast, nearby Hong Kong's international trade was 15 percent of total income in 1970, and its exports were valued at approximately $630 per person.

Not only was the component of foreign trade small within the People's Republic in 1970, but its slice of total world trade was a miniscule three-fourths of 1 percent although it had a quarter of the world's population. In its peak trade year of 1966, Mainland China's share of world trade was 1.1 percent.

Nevertheless, at times Mainland China has had considerable effect on world trade of certain commodities. For example, its large wheat imports in the 1960's provided important outlets for the wheat surpluses of Australia and Canada. And at the same time the People's Republic bought low-grade, low-priced wheat, it exported rice, which until recently was in strong demand on world markets.

Another strong influence on Mainland China's foreign trade in agricultural and other items is its Government. Foreign trade, both exports and imports, is a State monopoly. And the Government's announced policy is to use foreign trade to help achieve an independent great-power status for Mainland China by changing the country from an agrarian to an industrialized nation.

As a direct result of this policy, the People's Republic has tended to export agricultural, mineral, and textile products in return for imports of machinery or raw materials contributing to its industrial efforts. However, this policy has, at times, created serious economic dislocations when it was pushed too vigorously.

After the People's Republic came into existence on October 1, 1949, and until 1955, Mainland China imported greater value of goods than it exported with the aid of credit from the Soviet Union. Most of the imports were to help the country's industrialization program.

Starting in 1956, however, exports of agricultural raw and processed products, which were between 6 percent and 7 percent of gross farm output, were called upon to pay for the foreign-exchange component of the domestic industrialization program in an effort to balance China's imports and exports. At the same time, imports of farm products were cut and by 1958 were almost eliminated.

This reversal in trade patterns placed stress on both agricultural endeavor and the population. Agriculture was supposed to supply not only additional goods for the domestic population to replace the discontinued imports but was also supposed to increase its exports. At the same time, to fulfill a growing population's needs for food and clothing, emphasis was placed on grain and cotton production—at the expense of industrial crops (such as silk, tea, tobacco, and some oilseeds), which constituted much of the farm export volume. Domestic consumption of export crops was tightly controlled to insure needed export volume by means of rationing and fixed prices.

The reversal in trade policy coincided with a time of dramatic changes in the ownership and operation of Mainland China's farmland toward communized agriculture that was part of the Great Leap Forward. The two together had a negative effect on agricultural production and peasant morale, and an agricultural depression from 1959 through

1961 forced a drastic change in Government economic policies.

The new "agriculture first" policy involved another reversal in China's agricultural trade. While exports of farm products were drastically cut, emergency purchases of food grains and cotton were being made abroad to help feed and clothe the Mainland population, which, at the end of the Great Leap Forward, was close to famine in some regions. The first half of the 1960's became the longest known period of China's history during which imports of farm products, primarily foods, dominated the country's trade.

Gradually, as the agricultural economy improved, farm exports again increased. Since 1964 revenues from food exports have exceeded the cost of food imports. If, however, the cost of imports of chemical fertilizers used to increase grain and other crop production is considered in the import-export balance, it was not until 1969 that the value of food exports was greater than that of food purchases.

Interestingly, a large part of the increase in food sales abroad since 1963 has come from the private plots of Mainland China's farmers. Chief exports have been live animals and poultry, animal and poultry products, fruits and vegetables, and handicrafts.

Another major export has been rice, which had its largest annual foreign sales in the last decade (1.2 million metric tons) in 1966; since then exports have dropped because of increased supplies on world markets. Soybeans, once the leading agricultural export, have also had both decreased domestic production and sales abroad after the Great Leap Forward.

A further interruption to the progress of international farm trade by the People's Republic occurred during the more active phases of Mao Tse-tung's Cultural Revolution (1966–1968). For 2 years, 1967 and 1968, trade decreased.

Since 1968, however, a more realistic approach to farm production and exports has strengthened Mainland China's export position. Mainland China's foodstuff exports have increased somewhat despite smaller foreign sales of rice. And foreign sales of cotton textiles and clothing and wool for both clothing and carpets have showed marked advances.

At present, three important facets of Mainland China's international trade situation are the following: agricultural trade is increasing, although rather slowly; the trend in trade is toward industrial rather than agricultural goods; and the People's Republic appears to want to not only continue but to strengthen its trade ties with Free World nations.

According to the estimates of some Western economists, Mainland China's foreign trade should double during the 1970's—assuming no major domestic or foreign disruptions. However, agricultural trade is expected to expand at a much slower rate than China's exports of consumer and light industrial goods and imports of sophisticated machinery and other goods needed for industrialization. Already, since 1968, there has been a slight decline in imports of farm goods by the People's Republic and an increase in purchases of chemicals—particularly fertilizers—and raw industrial materials, such as iron and steel.

The trade orientation of the People's Republic toward the Free World is strong. In 1970, not one Communist country was among the Republic's top 10 trading partners, which were, in order of trade value: Japan, Hong Kong, West Germany, the United Kingdom, Australia, Canada, France, Singapore, Italy, and Ceylon. And in 1971, the United States took steps to alleviate barriers to trade between the two countries that had existed for some years.

The People's Republic's trade focus toward the Free World came about in the early 1960's, before which most trading was done with Communist countries. First, the People's Republic had to turn to the Free World to meet its food import requirements; and second, ideological differences developed between the Republic and other Communist countries—especially the Soviet Union. The result has been an independent course by Mainland China in seeking trading partners.

What will be some of the major agricultural commodities traded between the Free World and the People's Republic in the next several years if exports and imports continue their present trends?

Among China's important exports will be vegetable oils and seeds, rice, livestock and livestock products, tobacco, tea, silk, fruits and vegetables, and processed forms of these products.

However, unlike his American counterpart whose production activities are attuned to foreign markets, the Chinese farmer is oriented to supporting domestic supply. Exports of China's best farm foreign exchange earner, rice, account for less than 1 percent of total production. Exports of vegetable oilseeds (primarily soybeans) and oil represent about 10 percent of production. The proportion of other major Chinese farm products entering foreign trade to production fluctuates between these two extremes—except tea, exports of which are about 20 percent of production.

Therefore, the impact of China's farm commodities on the total world market is quite minor.

Vegetable oils and seeds. Although in the last decade exports have not been as great as they were in the 1950's and earlier periods, added emphasis now being placed on oilseed production in

MAINLAND CHINA'S FARM TRADE:

Year	Imports					
	Wheat [2]	Dates	Sugar [2]	Rubber	Cotton	Jute
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
1960	60	39	203	119	80	14
1961	3,123	32	1,534	93	58	15
1962	4,730	63	938	96	67	13
1963	4,394	71	511	120	143	23
1964	5,597	62	408	141	155	57
1965	5,273	35	419	150	168	67
1966	6,375	60	620	165	107	52
1967	3,329	59	556	149	88	64
1968	5,194	59	431	213	66	57
1969 [3]	3,200	56	445	278	83	48

[1] Source: FAO, Rome. Supplementary statistics to Trade Yearbook, 1965-71. [2] Includes 1970 were 4.7 million tons; estimate for 1971 is 3 million tons.

China may stimulate exports.

During the past 10 years exports of soybeans, peanuts, and tung oil either declined or barely held their own; but foreign sales of castor beans, peanut oil, cottonseed oil, and rapeseed increased.

Rice. During the 1960's rice was Mainland China's chief agricultural foreign exchange earner. However, the present tight situation on the world rice market has limited the Republic's foreign rice sales even though domestic supplies are increasing.

Livestock and livestock products. Live animals, fresh and frozen meats, hides and skins, hog bristles, sausage casings, wool, and hair constitute one of China's most important export categories. If poultry and poultry products are included, animals and animal products are the Republic's most rapidly expanding foreign sales item.

Most poultry and livestock are raised by peasants on private plots, and production has been increasing during the 1960's after the heavy losses of the Great Leap Forward and communization. Exports have been possible because of tight Government control of domestic consumption.

Tobacco. Under the present Government, Mainland China has become a major world exporter of tobacco. However, exports in recent years have been below those of the late 1950's and declined further in 1970—partly because of unsettled world market conditions.

Silk and tea. Although these products are not nearly as important now as they once were in China's agricultural exports, some signs are present of a revival in output, especially for silk. Since the mid-1960's, silk exports have expanded substantially, and tea sales have held about steady.

Sewing cotton fabric in Workshop No. 6 of the Peking General Knitwear Mill. Cotton is one of China's chief imports.

Other exports. In recent years many different types of fruits, potatoes, dry beans and peas, fresh and processed vegetables and fruits, and farm products processed or semiprocessed into consumer goods have been earning increasing amounts as exports.

In contrast, purchases of the People's Republic from other countries will almost certainly consist chiefly of wheat, cotton, jute, rubber, and sugar. Other necessary but more minor agricultural imports will include coconut oil, timber and other forestry products, animal fats, sisal, coffee, wool, dates, cocoa beans, and tea.

Wheat. Although imports of wheat in 1971 may be no more than 3 million tons compared to about 4.5 million tons annually since 1965, the People's Republic will probably continue to import wheat. The 1970 total grain crop was probably the largest in China's history; but weather, politics, and other factors may not soon be as favorable.

Cotton. The People's Republic is a major cotton grower itself, but it neither grows enough cotton nor produces enough manmade fibers to supply its own rapidly expanding textile industry. Also, usually longer staple fibers than are grown domestically are needed for certain textiles. Therefore, cotton has been one of China's most constant agricultural imports, and will probably continue to be in demand for some years.

Other vegetable fiber imports include jute (of which purchases have been going up) and flax.

Rubber. The People's Republic has been a major rubber importer for many years. Recently, rice from China has gone to Ceylon in exchange for rubber.

Sugar. China's domestic sugar production has increased rapidly during the 1960's, and so have sugar exports, although the People's Republic is still a net sugar importer. Nearly all purchases are from Cuba. But average annual net imports have declined from 530,000 tons for 1960–65 to 110,000 tons for 1966–69. Cane production in southern China is still being emphasized.

IMPORTS AND EXPORTS, 1960-69 [1]

Exports							
Fresh meat	Shell eggs	Rice	Fresh fruit [4]	Sugar [5]	Tea	Soybeans	Wool
1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
86	20	1,174	132	16	40	996	15
29	15	444	76	127	34	335	2
11	26	577	96	284	28	342	5
24	35	640	114	217	28	332	11
76	40	791	142	362	32	498	14
140	43	552	166	390	32	577	16
170	50	1,215	179	552	37	550	18
110	42	1,149	187	389	29	565	11
118	40	886	179	244	35	571	14
105	39	710	183	145	32	487	12

flour as wheat equivalent. [3] Raw value. [4] Citrus fruit, apples, pears, and grapes. [5] Imports in

Britain's Entry Into EC Threatens the Position of New Zealand's Farm Exports

By MARY E. LONG
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Of the member nations of the Commonwealth, New Zealand's agricultural trade and economy will probably be the most affected when the United Kingdom joins the European Community (EC). The strong dependence of New Zealand on the United Kingdom as a market for agricultural exports has been built up over a period of more than a century. Although New Zealand has registered sharp increases in nonagricultural exports since the late 1950's, it is still dependent upon agricultural products for more than 80 percent of its foreign exchange earnings.

New Zealand's traditional trade ties with Britain have been the result of years of close personal and cultural links between the two countries. Since New Zealand's farm production has always been far above domestic requirements, its trade was very early oriented toward the U.K. market. Britain still remains New Zealand's most important market for three of its chief export commodities. In 1969–70, the United Kingdom took 89 percent by volume of New Zealand's butter exports; 87 percent of its lamb exports; and 76 percent of its cheese exports.

As far back as the mid-1880's, New Zealand was a pioneer in the development of dairy cattle and sheep production through selectivity in grass strains and pasture development. Aided by a mild climate and a disease-free environment for livestock, the country acquired noteworthy proficiency in dairying and fat lamb production. Also in the 1880's, British shipping interests gave a real impetus to meat and dairy exports to the United Kingdom by introducing refrigerated cargo vessels on regular runs from Australia and New Zealand.

From that time New Zealand and the United Kingdom have had a symbiotic relationship. During World War II, New Zealand not only contributed military forces to the war effort but also helped by maintaining the flow of food supplies to Britain. Wartime agreements for bulk purchases of meat and dairy products by the United Kingdom were extended well into the 1950's. This helped to assure food supplies for the British during the difficult years of restoring that country's economy and rebuilding its domestic agriculture. New Zealand's butter and cheese production, stimulated by wartime contracts with the United Kingdom in the 1940's, continued to expand in the postwar period.

Cheese, one of New Zeala

Shipments of New Zealand's dairy products and meats to the United Kingdom are guaranteed under provisions of bilateral trade arrangements between the two countries until 1972. However, a butter quota for New Zealand of 173,000 metric tons a year has been in effect since 1962. Cheese shipments to the United Kingdom since then have been relatively static at 76,000 metric tons under voluntary export arrangements with the United Kingdom.

New Zealand's dependence on the United Kingdom as a market for its surplus agricultural production, and the future uncertainties of that market, have led New Zealand to make every effort to diversify its markets.

Efforts to increase export outlets have been partially successful. The United States and Canada became important markets for New Zealand's

DIRECTION OF NEW ZEALAND'S AGRICULTURAL EXPORTS

Country of destination	1934-38 Average	1958	1968	1969	1970
	Mil. U.S. dol.	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*
United Kingdom	165	311	400	461	432
Australia	3	28	78	85	97
Canada	4	9	16	38	51
Other Commonwealth	2	17	66	56	20
EC	9	80	104	155	134
United States	9	87	179	190	186
Japan	5	12	86	109	120
Other	3	19	78	102	164
Total	200	559	997	1,195	1,204

Monthly Digest, New Zealand Department of Statistics.

of New Zealand's major exports, being loaded in Auckland.

beef, and Japan and East European countries became the chief markets for New Zealand's mutton. A wide range of markets were developed for nonfat dry milk and other processed milk products.

Finding new markets for butter, anhydrous milk fats, and cheese has been much more difficult, although some increases in shipments have been noted in trade with the Caribbean, Central and South America, and Asia.

Efforts to diversify markets for lamb have been the least successful. Since 1966–67—after 10 years of market promotion programs—some increases have been noted in lamb exports to the United States and Japan. Lamb accounts for 15 percent of total export revenues with about 80 percent going to the United Kingdom.

Since 1961, New Zealand has been directly involved in discussions with the British on special arrangements to protect New Zealand's access to the U.K. market in the event the United Kingdom became a member of the EC. In July 1961, the British Government assured New Zealand that "the New Zealand Government would be closely consulted before and during any negotiations with the EC and that the British Government would seek to secure special arrangements to protect vital trade interests of New Zealand."

In the early stages of Britain's negotiations with the EC, the United Kingdom attempted to protect the interests of Commonwealth countries affected by its application for membership. In 1967, at the time of the United Kingdom's second bid for EC membership, Britain's attempts were more limited. Nevertheless, British negotiations still emphasized the special need for accommodation of New Zealand as a primary supplier of three key commodities to Britain—butter, cheese, and lamb.

Under the provisions of the EC common external tariff (CXT), imports of agricultural products into the United Kingdom will be subject to tariff adjustments in stages over a period of years. The goal of this procedure is to ultimately eliminate import duties on commodities originating from member countries of the EC while, at the same time, imposing the full EC external tariffs and levies on all imports originating from outside the Community.

Special arrangements were negotiated by the United Kingdom to assure New Zealand's interests in the United Kingdom dairy market. New Zealand's guaranteed cheese exports to the United Kingdom will be reduced gradually from 76,000 metric tons in 1973 to 15,000 tons by 1978 when the cheese guarantee expires.

The guaranteed quantities of butter which may be sold in the United Kingdom during the 5-year transitional period (1973–78) will be subject to a 4-percent annual reduction to an estimated 138,000 metric tons in 1978 as compared with the current 173,000-metric-ton quota. Extension of market assurances for New Zealand butter exports to the United Kingdom after completion of the transitional period is provided for in the proposals for U.K. entry, but the actual amount will be subject to future negotiations.

There is at present no EC system governing imports of lamb and mutton. Therefore, lamb did not form a part of the formal discussions of the United Kingdom-EC negotiations. The United Kingdom has, however, accepted the common external tariff of 20 percent on sheep meats. In compliance with this rate, the British have introduced a levy of $39.20 per long ton (effective July 1, 1972) on lamb—equivalent to a 10-percent tariff at current prices. It is presumed this rate will move up in separate stages to the full CXT rate of 20 percent by the end of the 5-year transition period.

New Zealand's trade with the United Kingdom and the EC will not be seriously affected for a number of items such as wool, hides and skins, casein, and seeds which are not subject to EC import tariffs. Apple and pear exports, which now enjoy a relatively free market in the United Kingdom, will be subject to import duties and minimum import prices. The EC organization also provides for duties on processed fruit as well as a levy based on the "sugar added" content.

VALUE OF TOTAL NEW ZEALAND EXPORTS AND PRINCIPAL AGRICULTURAL EXPORTS[1]

Year[2]	Total exports[3]	Beef & veal	Lamb	Butter	Cheese	Fruit & vegetables	Hides & skins	Wool
	Mil. U.S. dol.	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*
1960 ..	699	61	106	137	52	9	33	232
1961 ..	623	63	122	90	36	7	27	211
1962 ..	644	59	98	95	48	11	30	232
1963 ..	694	82	179	102	41	8	28	240
1964 ..	816	81	132	123	39	11	34	304
1965 ..	822	80	168	134	46	12	36	234
1966 ..	848	75	148	123	47	14	45	260
1967 ..	804	71	118	122	51	12	38	195
1968 ..	901	92	137	126	53	15	45	177
1969 ..	1,085	122	168	129	48	19	62	238
1970 ..	1,193	173	174	123	50	24	55	229

[1] F.O.B. basis. [2] Year ending June 30. [3] Excludes re-exports. New Zealand Department of Statistics.

The 1970's: A Decade Of Growth For Indian Agriculture?

By JAMES H. BOULWARE
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New Delhi

The condition of Indian agriculture in the midsixties—scarred by 2 years of the country's worst drought in a century—seemed at that time to bear out predictions that the country was on the verge of chaos and starvation. However, India's growing stability seems to have averted some crises in the political area and bumper food grain crops since 1967–68 have dispelled much of the earlier gloom about major shortages of food. In fact, the present uptrend in food grain production has caused some observers to look hopefully on the new decade as an era of growth and opportunity for India's agricultural sector.

India's agriculture dominates the economy, although the country's industrial production is important. In 1970, 46 percent of the country's $50 billion gross national product was derived from agriculture. And yet, because India is a land where much of the population has never been assured of its daily bread (or rice, corn, sorghum, or millet), it is appropriate to question prospects for adequate food supplies in the coming years.

Since India's independence, periods of extreme pessimism—during which prophets of doom made their dire predictions—have alternated with times of extreme optimism when a sense of euphoria created by abundant food has strongly dominated the scene.

For the first 7 years of the 1960's pessimism was fashionable. Production of grain was static, around 80 million tons from 1960 to 1963. Demand grew and large imports were brought into the country, largely under Public Law 480 or other concessional terms. In 1964–65, India harvested what was then a record food grain crop—89 million metric tons—but it provided only a short respite from the critical food shortage.

Droughts from June 1965 to May 1967 devastated crops for 2 years—production of grain and pulses dropped an average of 16 million tons each year—and darkened the ray of hope that had resulted from the earlier record crop. This brought another crescendo from the gloomy.

However, good to excellent rains during the next 4 years again brightened food prospects. In the agricultural year just ended, 1970–71, the production of food cereals and pulses reached a record high of 107.8 million tons.

In 1959 a study by a Ford Foundation team had reported that there existed a "stark threat of a 28-million-ton shortfall in food grain supplies by the end of the Third 5-Year Plan (1966), unless rates of increase in food production (were) immediately accelerated to three times their present speed." The team added, however, that it was confident that "such an ominous crisis (could) be prevented."

This study convinced the Government of India that emergency measures were needed if food production were to keep pace with the country's burgeoning population—growing at some 12 million annually. Two years of concentrated study evolved India's so-called package program which sought to teach Indian farmers to make a coordinated approach to their age-old problems of production, marketing, and financing.

As planned, though with many slipups and delays, this Government program provided funds to import necessary supplies; extension personnel worked actively with farmers to provide education and to distribute necessary inputs. These included improved wheat varieties, good seed, fertilizers, pesticides, water, and credit.

Indian farmers were dubious at first, but when shown that modern agricultural techniques offered an opportunity for large profits, they responded quickly. The farmers' enthusiasm promptly destroyed a recently popular thesis that they were not particularly interested in profits but preferred to live as their grandfathers did, without change. Only 1 year's experience with the spectacular high-yield Mexican wheats proved this to be incorrect. The Indian farmer has shown that he is ready for change—and that he is changing rapidly. In a society leaning toward socialism, millions of Indian farmers have shown that they are capitalists of a high order.

Successes over the past few years have led to extreme optimism and an attitude by some that all of India's problems have been solved. The Indian Cabinet has decided that the country will make no more concessional grain imports after 1971.

Unfortunately, farmers and others, in their enthusiasm for the new grain vari-

eties, have not always adequately considered potential problems or even newer developments. IR–8 rice, for example, has made major contributions to increased productivity in India. Now, however, it is being attacked by diseases and yields have dropped. High-yielding IR–8 rice is being replaced as plant breeders "engineer" newer, more disease-resistant varieties such as the new Padma and Jamuna rices.

The attitude of some Indian farmers is revealed by the story about one who, in his enthusiasm over the new rice variety, named his newborn child IR–8. Because of problems he had with later plantings of the high-yield grain, the father is now listening to suggestions to rename the child I-r-ate.

Despite the problems some farmers are having with the new grain varieties, concentration of resources in this sector has paid off. However, the relative neglect of other crops has resulted in their near-static yields and production. Concurrently, demand for food and clothing is growing as population and incomes rise.

In the 1970's more of the grain sold for food (below) in India's cities and villages will come from domestic output (left) and less from shipments by the United States (right).

Increased imports of such commodities as raw cotton, vegetable oil, and tallow (for soap) are needed to meet this demand. Because of imbalances created by overenthusiastic grain production, the Indian Government more recently has increased emphasis on crops other than grain. Obviously it will take time to boost production of these commodities sufficiently for India to be able to drastically reduce their import.

Although there is a lag in some areas, India's overall grain production appears temporarily to be gaining in the race with its population of some 550 million people—one-seventh of the world's total. Enthusiasm about results of the production drive tempts one to share the belief that agricultural imports—and hence U.S. exports to India—will dwindle to insignificance. The rapid technological advances of recent years and their adoption by farmers lend credence to highly optimistic postures. However, difficulties remain.

Because India is a hot, humid country, plants there are always threatened by diseases that can, in a short time, wipe out recent gains. The search for disease-resistant varieties is going forward, but much research remains to be done. In addition, water requirements for high-yielding varieties of wheat and rice are larger than for native varieties and monsoon failure could significantly reduce production.

India's village or subsistence agriculture is changing to commercial farming. An infrastructure adequate to support even 20 percent of its 50 million farms as commercial operations has not been built. Credit, power, marketing channels, fertilizer and pesticide distribution systems are often unable to cope with developments in the agricultural sector.

Increased productivity itself tends to bring new difficulties. Mechanization—which reduces labor needs—seems to be necessary to plant and harvest on time rapidly expanding grain crops. At the same time the exploding rural population demands employment. A solution is not yet apparent and the enigma is cited merely to illustrate the evolution of rural India.

Mid- to long-term projections of production, demand, and trade in agricultural products are hazardous at best. India's population continues to grow and some inflation appears imperative if a viable economy is to evolve. In mid-1971 the situation was further compli-

cated by the influx of millions of East Pakistani refugees.

With these caveats, it appears that during the 1970's India is likely to need concessional grain imports only in years of serious problems. In favorable years it may have problems of marketing some surplus products as it does now with corn. Nonetheless, overall, as the country progresses, it may be expected to move toward status as a commercial trading partner.

The era and problems of food scarcity that plagued India for most of the 1960's has ended, at least temporarily. In early July the Food Secretary said he happily had a problem of abundant wheat—4.5 million tons, including some that the Government bought to salvage wheat damaged by rains. (See *Foreign Agriculture*, Aug. 17, 1970.)

Hopefully, this year of plenty will mark the beginning of a new era.

India Reveals New 3-Year Plan To Raise Cotton Production

India plans a dramatic increase in cotton production within 3 years, according to a development program announced on August 29. The 1973–74 production target—6.5 million bales (480 pounds net)—would be a 35-percent rise over the 1968–70 average of 4.8 million bales.

The program includes techniques similar to those used to bring about the "green revolution" in food grains in recent years—development and use of high-yielding varieties, use of recommended levels of fertilizer, and adoption of better plant protection measures.

These measures will initially be applied to about 1 million acres of irrigated land and 350,000 acres of non-irrigated land, without increasing the current total of about 19 million acres planted in cotton.

The development program, which officially began September 1, will have a total cost of $20 million; however, the Government anticipates a production increase over the 3-year period of as much as 1 million bales above the record high of 1967–68, with an equivalent return of about $208 million. Although India may not be able to reach this goal by the 1973–74 season, the program could significantly increase cotton production.

Cotton production in India has been stagnant in recent years. The new program is designed to increase production—thus conserving scarce foreign exchange now used to pay for more than half of the 600,000 bales imported each year to meet domestic cotton requirements. In most recent years, about 200,000 bales have been imported annually under P.L. 480.

Although India is the world's fourth largest cotton producer, its yield per acre (averaging 121 pounds per acre during 1965–69) is the lowest recorded for any major cotton-producing country and far below the world average (310 pounds per acre) for this period.

Canada Increases Wheat Shipments To Mainland China

Canada has agreed to sell an additional 19 million bushels of wheat to the People's Republic of China, according to a September 14 announcement of the Canadian Wheat Board.

This sale, in addition to the contract for 98 million bushels negotiated in Peking last October, raises total exports of Canadian wheat to China to 117.6 million bushels for calendar 1971.

Deliveries—which will consist of grades 2, 3, and 4 Northern wheat—will start from west coast ports in early October and continue for 3 months.

As in Canada's previous contracts with the People's Republic of China, a 25-percent downpayment in cash is required when the wheat is loaded aboard ship, and the balance, with interest, is required within 18 months.

The credit terms were made possible under a guarantee to the Canadian Wheat Board by the Federal Government.

Soviet Union Purchases a Record Shipment Of American Beef and Dairy Breeding Stock

The largest single shipment of U.S. breeding cattle ever made to the Soviet Union left the Port of Richmond (Virginia) on September 14.

The shipment included 338 head—260 heifers and 78 bulls, representing three breeds—250 Angus, 74 Shorthorns, and 14 Brown Swiss.

The cattle were selected from 12 farms in eight States, during a 3-month, 22,000-mile inspection tour by a three-man Soviet buying team.

The American cattle will reportedly become part of the Soviet Union's recently announced long-range beef breeding program. Breeding cattle solely for beef production is relatively new in the Soviet Union, since most Soviet herds consist of dual-purpose cattle.

Spokesmen for the U.S. cattle industry said that this purchase may be the beginning of a major Soviet buying program which could result in sales of several thousand head of U.S. breeding stock over the next few years.

Left, Dr. V. F. Lischenko(r), Soviet Agricultural Attaché to the United States, discusses health inspections with Dr. A. L. Linn, USDA veterinarian. Above, Dr. F. A. Bibikov, Chief Veterinarian for the Krasnodar Kray, USSR, examines a Shorthorn heifer just prior to shipment last month.

CROPS AND MARKETS

Grains, Feeds, Pulses, and Seeds

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Oct. 6	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14.0.	1.92	(1)	[2] 2.14
USSR SKS-14	1.90	+1	(1)
Australian FAQ	1.66	−3	1.88
U.S. No. 2 Dark Northern Spring:			
14 percent	1.80	−1	2.05
15 percent	1.95	+1	2.07
U.S. No. 2 Hard Winter:			
13.5 percent	1.77	0	1.97
No. 3 Hard Amber Durum..	1.73	−2	2.02
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter..	1.71	0	1.91
Feedgrains:			
U.S. No. 3 Yellow corn	1.32	0	1.79
Argentine Plate corn	1.53	−4	1.98
U.S. No. 2 sorghum	1.33	−2	1.72
Argentine-Granifero sorghum	1.35	0	1.74
U.S. No. 3 Feed barley	.97	0	1.56
Soybeans:			
U.S. No. 2 Yellow	3.29	−4	3.32
EC import levies:			
Wheat [3]	[5] 1.54	+3	1.24
Corn [4]	[5] 1.08	+6	.64
Sorghum [4]	[5] 1.09	+5	.61

[1] Not quoted. [2] Manitoba No. 2. [3] Durum has a separate levy. [4] Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries. [5] Forward trading suspended Aug. 18. Levies are for current month only. Note: Basis—30 to 60-day delivery.

Dairy and Poultry

U.K. Butter and Cheese Import Rules Changed

The U.K. Ministry of Agriculture announced on September 20 that open individual licensing for the importation of butter was being extended for an additional 6 months beyond September 30, 1971. Thus, open licensing for butter imports has been authorized for the remainder of the current dairy marketing, or quota, year which ends March 31, 1972. At the close of the summer, blending butters were reported in short supply on the U.K. market.

Immediately following announcement of extension of the open licensing period for butter, the Ministry announced suspension of voluntary restraints on imports of cheese from main overseas suppliers of Cheddar and Cheddar-type cheeses to the U.K. market. Principal cheese suppliers, and participants in the voluntary limitations program, are Australia, New Zealand, Denmark, Ireland, the European Community, and Canada. Imports from East European countries were not covered under the voluntary arrangements program but are generally subject to bilateral agreements.

Butter and cheese prices on the London market continued to trend upward during recent weeks, and the trade is hopeful that open licensing for imports of both products will prove helpful in stabilizing the market. For the week ending September 17, wholesale prices for New Zealand and Australian butter and cheese on the London market were quoted at (in U.S. equivalents): Butter (bulk), finest quality, 57.6 cents per pound; cheese (rindless), finest white, 42.7 cents per pound. For the corresponding date a year earlier, the quoted prices for these two products were 33.7 and 27.6 cents per pound, respectively.

Denmark's Poultry Meat Exports Up Sharply

Denmark's exports of fresh and frozen poultry meat (including edible offals) during the first half of 1971 increased to 27,607 metric tons, about 12 percent greater than sales for the same period of 1970. Total export value increased by about the same rate to $16 million. Exports of poultry meat during calendar 1970 totaled 49,295 tons, valued at $29.4 million.

In the first half of 1971 the poultry industry was characterized by lower domestic consumption and increased exports. Sales for export to the EFTA (European Free Trade Area) countries were up by 12 percent. This was due mainly to larger exports to the United Kingdom where an epidemic of

DENMARK'S POULTRY MEAT EXPORTS

Destination	January-June 1971		January-June 1970	
	Quantity	Value	Quantity	Value
	Metric tons	*1,000 dol.* [1]	*Metric tons*	*1,000 dol.* [1]
United Kingdom..	4,228	2,626	1,347	671
Switzerland	2,400	1,922	1,479	1,138
USSR	2,298	1,303	3,595	1,985
West Germany ...	1,946	751	1,878	1,047
Japan	1,886	1,041	287	149
Austria	1,731	962	2,209	1,348
Kuwait	1,591	828	1,289	739
Hong Kong	1,565	867	1,420	675
Egypt	1,283	734	301	171
Singapore	770	432	2,094	1,167
Chile	400	238	101	62
Others	7,509	4,298	8,547	5,051
Total	27,607	16,003	24,547	14,203

[1] Converted from kroners at rate of 1 kroner = $0.1372.

Newcastle disease had reduced domestic production. Exports to the European Community were about the same as a year ago. Shipments to Kuwait, Japan, and Hong Kong were larger, while exports to Singapore dropped considerably due to implementation of the import levey system. Significant quantities of poultry meat again went to the USSR, Egypt, and Chile.

The total price paid producers for extra grade broilers averaged 19 cents a pound, slaughter weight minus shank, during the first half of 1971. This was somewhat less than that paid for the same period of 1970. The total producer price is made up of the export price quotation plus a levy payment from the home market scheme plus an additional payment from the Grain Fund as compensation for import levies on imported grains. As a result of the home market scheme, Danish housewives paid, on the average, an additional 12.5 cents a pound for poultry meat during the first 6 months of this year.

Sugar and Tropical Products

Prospects for Tighter Indian Sugar Supply

There is a possibility of a somewhat tighter sugar supply in India. The area planted to the current cane crop is down by about 10 percent from last year. This is primarily the result of low cane prices over the last two seasons and consequent shifting of land by farmers to more profitable crops. The industry forecast that sugar production by mills in 1971–72 (October-September) may decline by over 20 percent.

Several measures are contemplated, or are being taken, to prevent a tight supply situation. To check any large-scale diversions of cane supplies to farm-made sugar and to encourage increased crushing by mills, the industry has suggested an increase in the officially prescribed minimum cane price as well as excise tax concessions in the coming season.

Current market prices are about 25 to 30 percent higher than the controlled prices a few months ago and should serve as an incentive for larger crushing by mills in the coming season. Since decontrol of sugar in May 25, 1971, the industry has been able to sell its entire production on the free market. These Government incentives, coupled with the estimated carryover on October 1 of 1.8 million to 1.9 million tons, could result in a generally easy sugar supply position in the coming season. The Government's export commitments are likely to be met fully and promptly.

Cotton

U.S. Cotton Exports in August Up From 1970

U.S. cotton exports in August 1971 totaled approximately 162,000 running bales, almost twice the 84,000 bales exported during August 1970. Exports during the first month of the 1971–72 marketing year were 52,000 bales below exports for July 1971, as buyers awaited the harvest and ginning of the new crop to obtain qualities not available in the low U.S. stock carryover.

Exports to Europe reached 25,000 bales—almost three times the 9,000 bales shipped to Europe during August 1970. Exports to Spain, the United Kingdom, and West Germany were particularly heavy. Exports to Canada, Japan, the Republic of Korea, Thailand, and South Vietnam were also sharply above shipments a year earlier. Tight world cotton supplies and more competitive U.S. prices following the August 15 dollar float helped to stimulate U.S. cotton exports, in spite of a continuing west coast dock strike which has kept nearly 100,000 bales on the docks since July 1 awaiting shipment.

U.S. COTTON EXPORTS
[Running bales]

Destination	Year beginning August 1				
	Average			August	
	1960-64	1969	1970	1970	1971
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	23	0	0	0	0
Belgium-Luxembourg	121	19	46	[1]	[1]
Denmark	14	[1]	[1]	[1]	[1]
Finland	17	6	2	0	0
France	319	30	60	1	1
Germany, West	269	26	65	1	2
Italy	345	46	57	1	1
Netherlands	110	19	34	1	1
Norway	13	1	3	0	0
Poland	125	51	0	0	0
Portugal	21	2	5	0	0
Romania	2	46	57	0	0
Spain	74	4	19	0	6
Sweden	81	37	29	1	[1]
Switzerland	74	15	33	[1]	1
United Kingdom	244	38	95	4	6
Yugoslavia	112	0	2	0	0
Other Europe	15	4	20	[1]	7
Total Europe	1,979	344	527	9	25
Algeria	9	11	32	0	0
Australia	61	[1]	7	0	1
Bolivia	7	0	0	0	0
Canada	353	181	292	14	27
Chile	18	1	2	[1]	[1]
Congo (Kinshasa)	6	0	0	0	0
Ethiopia	9	1	3	0	0
Ghana	1	27	43	2	0
Hong Kong	148	61	193	[1]	4
India	314	261	211	5	3
Indonesia	40	242	194	[1]	5
Israel	15	[1]	2	0	0
Jamaica	4	2	3	0	[1]
Japan	1,192	623	841	8	13
Korea, Republic of	261	455	491	34	58
Malaysia	1	6	11	0	1
Morocco	12	28	23	[1]	2
Pakistan	14	16	6	0	[1]
Philippines	123	146	137	3	4
Singapore	1	2	11	0	0
South Africa	41	4	19	1	1
Taiwan	209	193	406	6	6
Thailand	34	54	142	[1]	8
Tunisia	2	5	0	0	0
Venezuela	8	[1]	9	0	[1]
Vietnam, South	46	99	114	1	4
Other countries	16	6	21	1	0
Total	4,924	2,768	3,740	84	162

[1] Less than 500 bales.

Fruits, Nuts, and Vegetables

Australian Dried Fruit Production Down

Heavy rains during harvest sharply reduced the 1971 Australian raisin pack. Sultana production was reported at 50,100 short tons, 45 percent below 1970 and considerably below average production in recent years. Drying was seriously delayed, and blue mold infestation caused heavy losses. As a result, sultana quality was poor—most fruit was dark colored and fell into lower grades.

However, not all fruit was affected by the poor weather. Currants were largely harvested earlier, and production of both currants and lexia raisins was above last year. Prune production totaled 5,000 tons, the same as 1970. Prune set was heavy, but dry January weather restricted fruit sizing. Dried apricot production totaled 3,000 tons, 30 percent above last year.

AUSTRALIAN DRIED FRUIT PRODUCTION

Commodity	1968	1969	1970	1971
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Raisins:				
Sultanas	75.6	44.7	90.4	50.1
Lexias	7.0	4.4	4.0	5.5
Currants	9.0	7.6	9.1	9.3
Prunes	1.8	3.6	5.0	5.0
Apricots	1.5	3.4	2.3	3.0

South African Dried Fruit Crop Lower

Unfavorable weather and a greater utilization of raisin-type grapes for wine held South Africa's dried fruit production slightly below last year. Total 1971 dried fruit production is estimated at 20,200 short tons, 24 percent below 1969, but above that of 1967 and 1968. The raisin crop totaled 13,500 tons, 1 percent below last season, but above the annual average for 1965-69. Prune production approximates last year, while dried peach production is higher.

SOUTH AFRICAN DRIED FRUIT PRODUCTION

Kind	1968	1969	1970	1971
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Raisins	13.0	18.5	13.7	13.5
Peaches	2.0	1.8	1.9	2.2
Prunes	1.1	2.6	1.9	1.9
Apricots	1.1	1.2	1.1	1.0
Currants	.7	.7	.6	.8
Other	1.3	1.9	1.1	.8
Total	19.2	26.7	20.3	20.2

SOUTH AFRICAN DRIED FRUIT EXPORTS

Kind	1968	1969	1970
	1,000 short tons	*1,000 short tons*	*1,000 short tons*
Raisins	6.7	10.7	8.1
Apricots	.8	.9	.6
Peaches	.7	.5	.5
Other	1.0	1.2	.9
Total	9.2	13.3	10.1

Exports of dried fruit in the current season are forecast below those of 1970. Total 1970 exports are reported at 10,100 tons, 24 percent below 1969, but above those of 1967 and 1968. Exports of dried fruit in 1970 were below 1969's.

The United Kingdom remains the most important export market for South African dried fruit. Other important markets are Canada and West Germany.

Turkish Raisin Crop Down; Exports Up

Turkey reports a smaller 1971 sultana raisin crop. Raisin production is estimated at 125,000 short tons, 14 percent below the 1970 crop of 145,000 tons, but 18 percent above the 1965–69 average.

Weather was generally favorable during the growing season although several areas reported some spring frost and spotty hail damage. Rain during harvest and drying caused concern among producers but could have been much more harmful if it had fallen in the main harvest season in late August.

Harvest was about 10 days late this season, and a larger proportion of small berries is reported. Government encouragement is being directed to producing cleaner raisins, and premiums paid for raisins dried on paper and concrete have been increased to 0.175 cent and 0.35 cent per pound, respectively as an incentive.

Current because of last year's large crop season Turkish exports are expected to exceed the estimated 1970–71 season total of 94,000 tons. Supplies are large, and packers are expected to push hard in the traditional Turkish markets. Additional effort is also expected in the Canadian and U.S. markets. U.S. imports of Turkish raisins totaled 503 tons during the period September 1, 1970, to July 31, 1971.

TURKISH RAISIN SUPPLY AND DISTRIBUTION

Item	1968-69	1969-70	1970-71 [1]	1971-72 [2]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
Beginning stocks (Sept. 1)	38.6	52.9	30.0	65.0
Production	114.0	99.0	145.0	125.0
Total supply	152.6	151.9	175.0	190.0
Exports	85.1	73.3	94.0	—
Domestic disappearance	14.6	14.1	16.0	—
Ending stocks (Aug. 31)	52.9	[3] 64.5	65.0	—
Total distribution	152.6	151.9	175.0	—

[1] Revised. [2] Forecast. [3] Includes 34,500 tons produced before 1968 which are considered to have no commercial value.

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Foreign Agriculture

Harvests Aid China's Economy

(Continued from page 4)

use of production teams' labor, production materials, or other materials without compensation.

Clearly, Peking has prescribed a go-slow policy in effecting major changes in rural administration and directives. It is offering assurances to the peasants that the institutional status quo will be preserved in order to concentrate on increasing agricultural output and achieving planned objectives.

How will the success of agricultural objectives affect the international trade of the People's Republic? And most particularly, in view of the recent relaxation on restrictions on U.S.-China trade, how will it influence potential U.S. sales of farm products to China?

First, while China's potential appetite for Western goods is excellent, its present international trade is small. Total trade in 1970—exports plus imports—has been estimated at about US$4 billion.

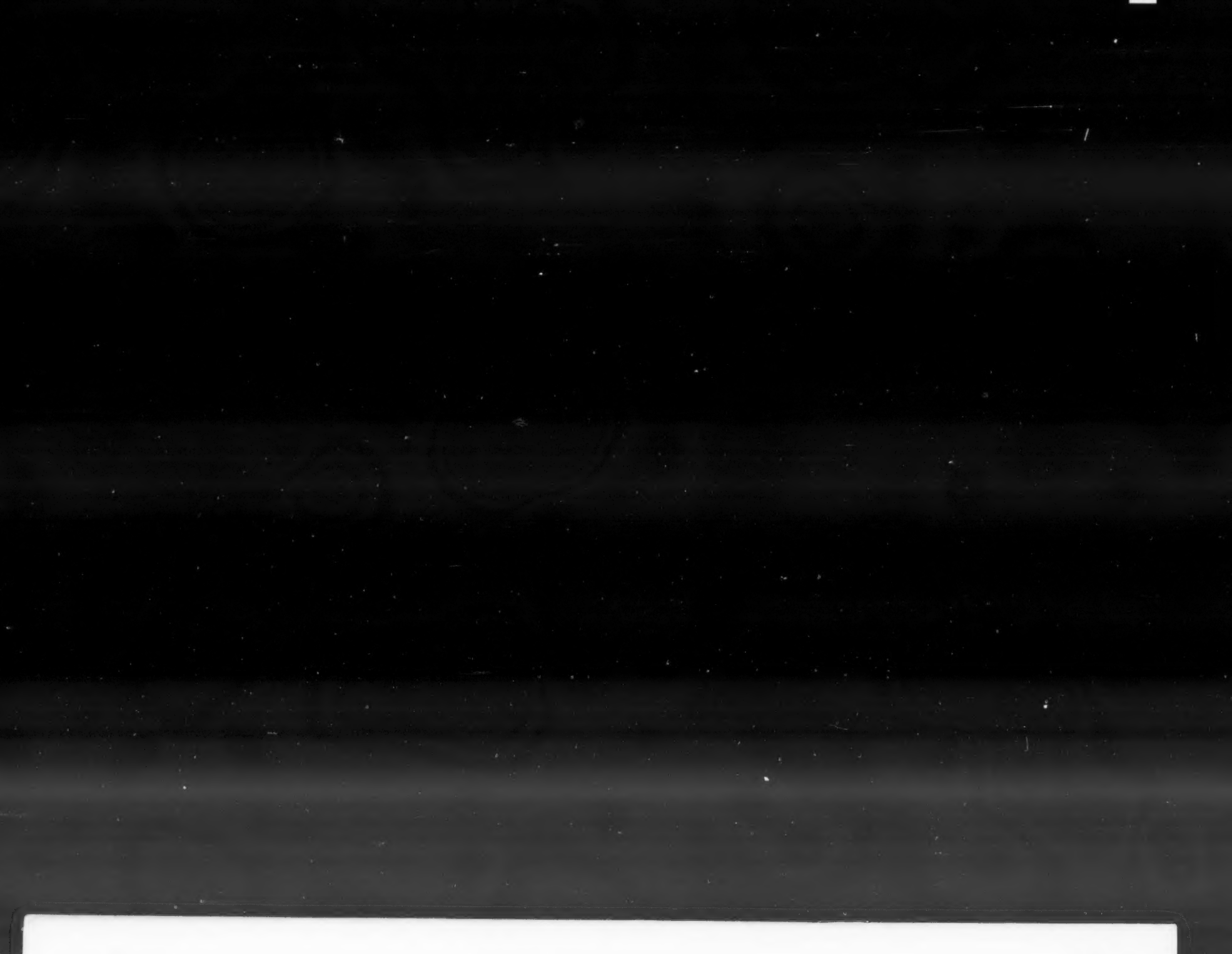
Second, both China and the United States are among the world's largest producers of Temperate Zone agricultural products, although China does import considerable quantities of wheat, cotton, and wool.

Third, the Chinese economy is not consumer oriented. China is a developing economy, and its import trade emphasizes acquisition of capital equipment and other materials necessary for industrialization. During the past decade China has concentrated on buying machinery, industrial materials, fertilizers, iron, steel, copper, and organic chemicals. More recently, the People's Republic has started purchasing machine tools and more advanced construction, mining, and power-generating equipment.

Plant breeders examine a new strain of millet, a staple grain in China.

China's present buying pattern will probably extend throughout the 1970's. For agricultural commodities, imports of wheat and cotton will continue approximately at present annual levels depending on domestic production. Since the United States is the world's largest exporter of wheat and cotton, it is possible that some trade between the two areas might develop in these two commodities.

Prospects for U.S. cotton sales are probably better than those for wheat. Alternative suppliers of wheat, especially Canada and Australia, have held much of the China market for the past decade.

U.S. tobacco, a luxury product, does not appear likely to have much prospects for sales to Mainland China for domestic consumption in the near future. However, imports of U.S. leaf to upgrade cigarettes made for export remain a possibility. It should be remembered, however, that China itself is an important exporter of leaf tobacco.

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